# OFFICIAL FILE ILLINOIS COMMERCE COMMISSION



# ILLINOIS COMMERCE COMMISSION JAN 16 10 52 AM '02

CENTRAL ILLINOIS PUBLIC SERVICE

COMPANY d/b/a AmerenCIPS, UNION

CHIEF CLERK'S OFFICE

ELECTRIC COMPANY, d/b/a AmerenUE,

CENTRAL ILLINOIS LIGHT COMPANY,

COMMONWEALTH EDISON COMPANY,

ILLINOIS POWER COMPANY,

MIDAMERICAN ENERGY COMPANY,

NORTHERN ILLINOIS GAS COMPANY

d/b/a NICOR GAS COMPANY,

NORTH SHORE GAS COMPANY,

and THE PEOPLES GAS LIGHT AND

**COKE COMPANY** 

No. 01-0644

Petition To Initiate Rulemaking With Notice and Comment for Approval of an Additional Method To Determine When Deposits May Be Required From Applicants For Residential Service, In Addition To Those Methods Set Forth In 83 Ill. Admin.

Code § 280.50(a).

#### **AMENDED VERIFIED JOINT PETITION**

Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"), Union Electric Company d/b/a AmerenUE ("AmerenUE"), Central Illinois Light Company ("CILCO"), Commonwealth Edison Company ("ComEd"), Illinois Power Company ("IP"), MidAmerican Energy Company ("MidAmerican"), Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas"), North Shore Gas Company ("North Shore"), and The Peoples Gas Light and Coke Company ("Peoples Gas") (collectively "the Companies") hereby petition the Illinois Commerce Commission (the "Commission"), pursuant to Sections 200.210 and 280.30 of the Illinois Administrative Code (the "Administrative Code"), 83 Ill. Admin. Code §§ 200.210 and 280.30, to initiate a rulemaking proceeding for authorization to utilize an additional method for making determinations with respect to when deposits may be required from applicants for residential service, in addition to those specified in 83 Ill. Admin. Code §280.50(a). Granting

this Amended Petition will permit public utilities that have filed a tariff in accordance with the proposed revision to Section 280.50 to use a risk assessment analysis of the credit history of applicants for residential service in determining whether to require payment of deposits. Using a risk assessment analysis is expected to better identify circumstances where deposits should be required. The relief requested by this Amended Petition was previously granted by the Commission on a two-year pilot program basis with respect to Nicor Gas in ICC Docket No. 97-0635, which authorization was extended an additional two years in ICC Docket No. 00-0330. In support of this Amended Petition, the Companies state as follows:

- 1. AmerenCIPS is a corporation organized and existing under the laws of the State of Illinois with its principal office in Springfield, Illinois. AmerenCIPS is a combination gas and electric utility, and is a public utility within the meaning of § 3-105 of The Illinois Public Utilities Act (220 ILCS § 5/3-105), as amended (the "Act"). AmerenCIPS provides electric service to approximately 325,000 customers and gas service to approximately 170,000 customers in the State of Illinois.
- 2. AmerenUE is a corporation organized and existing under the laws of the State of Missouri with its principal office in St. Louis, Missouri. AmerenUE is a combination gas and electric utility, and is a public utility within the meaning of § 3-105 of the Act. AmerenUE provides electric service to approximately 61,000 customers and gas service to approximately 18,000 customers in the State of Illinois.
- 3. CILCO is a corporation organized and existing under the laws of the State of Illinois with its principal office in Peoria, Illinois. CILCO is a combination gas and electric utility, and is a public utility within the meaning of § 3-105 of the Act. CILCO provides electric service to approximately 200,000 customers and gas service to approximately 205,000 customers

in the State of Illinois.

- 4. ComEd is a corporation organized and existing under the laws of the State of Illinois with its principal office in Chicago, Illinois. ComEd is engaged in delivering electricity to the public in the northern portion of the State of Illinois, and is a public utility within the meaning of § 3-105 of the Act. ComEd delivers energy to approximately 3.5 million customers in the northern portion of the State of Illinois.
- 5. IP is a corporation organized and existing under the laws of the State of Illinois with its principal office in Decatur, Illinois. IP is a public utility within the meaning of § 3-105 of the Act and supplies approximately 650,000 natural gas and electricity customers in the State of Illinois.
- 6. MidAmerican is an Iowa corporation with its principal office in Des Moines, Iowa. MidAmerican is a public utility within the meaning of § 3-105 of the Act and supplies approximately 83,500 electric and 65,500 natural gas customers in the State of Illinois.
- 7. Nicor Gas is an Illinois corporation with its headquarters located in Naperville, Illinois. Nicor Gas is a public utility within the meaning of § 3-105 of the Act and is engaged in the business of distributing and selling gas to approximately 1.9 million customers in the northern part of the State of Illinois.
- 8. North Shore Gas is a corporation organized and existing under the laws of the State of Illinois, having its principal office at 130 East Randolph Drive, Chicago, Illinois 60601. It is engaged in the business of purchasing natural gas for, and storing distributing, selling and transporting natural gas to over 149,000 customers within northeastern Cook County and Lake County, Illinois. North Shore Gas is a public utility within the meaning of the Act.

- 9. Peoples Gas is an Illinois corporation with its general office in Chicago, Illinois. Peoples Gas is a public utility within the meaning of § 3-105 of the Act and is engaged principally in the business of purchasing natural gas for, and storing, distributing, selling and transporting natural gas to approximately 840,000 customers in the City of Chicago.
- 10. 83 Ill. Admin. Code § 280.50(a) provides that "if, after a review of its own past service records, a utility finds that an applicant for residential service has failed to pay for past due utility service for the same class of service furnished to him/her at the same or at another address, a utility may refuse to provide service, unless the applicant, at the option of the utility, pays any past due bill and/or provides a deposit pursuant to § 280.70 ..." of the Administrative Code. No other grounds for requiring a deposit from an applicant for residential service are provided for in the Act or in the Commission's rules.
- On October 16, 2001, the Companies filed a Verified Joint Petition in which they requested that the Commission grant a waiver of 83 Ill. Admin. Code § 280.50(a) authorizing the use of an alternative method for making credit history determinations for new applicants for residential service in addition to that method currently authorized. An initial status hearing was conducted on November 1, 2001. During informal discussions, a concern was raised that the relief requested in the Joint Verified Petition could be more appropriately granted on a permanent basis pursuant to the Commission's rulemaking procedures. While the Companies view the Joint Verified Petition as legally sufficient, the Companies acknowledge that rulemaking is a lawful method for proceeding.
- 12. The Companies therefore request that the Commission initiate a rulemaking proceeding for the amendment of Section 280.50(a) to permit the use of a credit scoring assessment method for residential service applicants. The amended Section 280.50(a) would

authorize utilities that have filed a tariff consistent with the amended Section to, at their option, collect requested deposits from certain residential applicants based upon a risk-assessment analysis of the applicant's credit history. The rulemaking would seek to add minor changes to Section 280.50(a) to include this method of new applicant risk assessment. The proposed amendment to Section 280.50(a) is set forth in the blacklined document attached as Exhibit A to this Amended Petition.

- 13. There are several reasons that make this requested amendment to Section 280.50(a) reasonable, and well-suited for the notice and comment method of rulemaking, foremost being that the Commission has twice previously granted, on a pilot program basis, the same relief requested in this Amended Petition. In ICC Docket No. 97-0635, Nicor Gas filed an application requesting that the Commission consent to and approve a waiver of 83 Ill. Admin. Code § 280.50(a) to permit Nicor Gas to conduct a two-year pilot program in which it would be allowed to bill a deposit to certain applicants for gas service based on a risk assessment analysis of their credit history. In that proceeding, the Commission found that "good cause exists to allow a waiver of 83 Ill. Adm. Code 280.50(a) as requested in Nicor Gas' petition" and granted the requested waiver. ICC Docket No. 97-0635 (Order, April 27, 1998, at 5). Nicor's pilot program was further extended as described below.
- 14. The credit scoring method proposed by the Companies is consistent with that employed by Nicor Gas in its pilot program. Each of the Companies choosing to participate would use a reputable credit reporting agency, such as Equifax, that can create validated models for predicting the likelihood that an applicant will pay for utility service on a timely basis. At the time of application, or while the applicant for residential service is on the telephone, the customer information provided would be validated, and the model would assess the applicant's

credit risk and generate a credit score. A predetermined threshold figure derived with the assistance of the credit reporting agency from each participating Company's customer data would provide the baseline against which the result would be compared. A credit score meeting or exceeding the predetermined threshold would return an instruction "no deposit required," while a credit score below the credit threshold would generate a message suggesting either that a deposit may be required, or that further information would be needed.

- 15. Through the pilot program, Nicor Gas determined that using a risk assessment analysis of applicants' credit history resulted in better identification of the need for a deposit. Nicor Gas' experience, which has been shared in detail with Staff through reports on its experimental program, has been that there is a strong correlation between customers for whom deposits have been required based upon credit scoring, and those who become in arrears with respect to Nicor Gas service. Nicor Gas also found that use of the credit scoring methodology helped prevent fraud in obtaining service through the use of false identification. Nicor Gas found that customer acceptance of the pilot program was high, and that the program, to Nicor Gas' knowledge, did not result in any formal complaints being filed with the Commission.
- 16. On July 19, 2000 in ICC Docket No. 00-0330, the Commission granted Nicor Gas a two-year extension of its credit scoring pilot program. In extending Nicor Gas' waiver of Section 280.50(a) and granting permission for continued use of the credit risk assessment program, the Commission stated that "[w]e also give weight to [the Commission's] Staff's lack of objection to the continuation of [the] program and its continuing monitoring of the program." *Id.* at 2.

17. The Companies believe it would be beneficial to broaden the availability of the credit risk assessment method for deposits on a uniform basis among utilities. Nicor Gas' experience with the pilot program demonstrates that approving this petition and, after notice and comment, granting the proposed amendment to Section 280.50(a) with respect to applicants for residential service from the Companies is likely to have several benefits. These include the accurate identification of those customers from whom a deposit should be requested, the use of customer credit data from reputable sources that remains strictly confidential, and application of a consistent and unbiased credit methodology that is widely accepted in modern commerce.

WHEREFORE, Central Illinois Public Service Company, Union Electric Company, Central Illinois Light Company, Commonwealth Edison Company, Illinois Power Company, MidAmerican Energy Company, Northern Illinois Gas Company, North Shore Gas Company, and The Peoples Gas Light and Coke Company request that the Commission enter an order initiating a rulemaking proceeding pursuant to 83 Ill. Admin. Code § 200.210 seeking notice and comment on the proposed amendment to 83 Ill. Admin. Code § 280.50(a) which would authorize utilities to, at their option and after filing of a tariff complying with the rule, collect requested deposits from certain residential applicants based upon a risk-assessment analysis of the applicant's credit history as an additional method to those set forth in 83 Ill. Admin. Code § 280.50(a) for making determinations with respect to when deposits may be required from applicants for residential service. The Companies further request that the Commission waive hearing with respect to the proposed amended rule and initiate a rulemaking proceeding by publishing a notice of proposed rulemaking in the Illinois Register in materially the form attached hereto as Exhibit A.

# Dated at Chicago this 15th day of January, 2002.

# Respectfully submitted,

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AMERENCIPS and UNION ELECTRIC COMPANY d/b/a AMERENUE

CENTRAL ILLINOIS LIGHT COMPANY

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STATE OF MISSOURI	)
	)ss
CITY OF ST. LOUIS	<b>)</b>

I, Steven R. Sullivan, being first duly sworn, state that I am Vice President, General Counsel & Secretary of UNION ELECTRIC COMPANY d/b/a AmerenUE and CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

Steven R. Sullivan

Vice President, General Counsel & Secretary

Subscribed and Sworn to before me this 11th day of January, 2002.

DEBBY ANZALONE

Notary Public - Notary Seal STATE OF MISSOURI

St. Louis County

My Commission Expires: April 18, 2002

STATE OF ILLINOIS	)	
	)s:	
COUNTY OF PEORIA	)	

I, Robert J. Sprowls, being first duly sworn, state that I am President of CENTRAL ILLINOIS LIGHT COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

Robert J. Sprowls

President

Subscribed and Sworn to before me this 10 to day of January, 2002.

OFFICIAL SEAL
LAURIE GREENLEAF
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 7-16-2003

STATE OF ILLINOIS	)
	)ss
COUNTY OF COOK	)

I, John T. Costello, being first duly sworn, state that I am Vice President of COMMONWEALTH EDISON COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

John T. Costello Vice President

Commonwealth Edison Company

Subscribed and Sworn to before me this 14th day of January 2002.

Notary Public

OFFICIAL SEAL LYNN MILLER

OTARY PUBLIC, STATE OF ILLINOIS
OMMISSION EXPIRES: 17/09/02

STATE OFILLINOIS	)	
	)	SS
COUNTY OF MACON	)	

I, Roseanna Wiegand, being first duly sworn, state that I am the Manager of Revenue Management of ILLINOIS POWER COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

Manager of Revenue Management

Subscribed and Sworn to before me this  $\underline{ll}$  day of  $\underline{\underline{JQM}}$ , 2002.

"OFFICIAL SEAL" Kimberly D. Bond Notary Public, State of Illinois My Commission Exp. 08/23/2005

STATE OF ILLINOIS	)
	)ss
COUNTY OF ROCK ISLAND	)

I, David L. Graham, being first duly swom, state that I am Vice President of Customer Service Operations MIDAMERICAN ENERGY COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

David L. Graham

Vice President of Customer Service Operations

Subscribed and Sworn to before me

Notary Public

"OFFICIAL SEAL"
KAREN M. HUIZENGA
Notary Public, State of Illinois
My Commission Expires 2-7-2002

STATE OF ILLINOIS	)
	)s:
COUNTY OF DuPAGE	)

I, Rocco J. D'Alessandro, being first duly sworn, state that I am Vice President of Customer and Distribution Services of NORTHERN ILLINOIS GAS COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

Rocco J. D'Alessandro

Vice President of

Customer and Distribution Services

Subscribed and Sworn to before me this <u>/0 th</u> day of <u>Sanuary</u>, 2002.

Mary Dublic

OFFICIAL SEAL

MARILYN ELLEFSEN

NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 1-29-2005

The address in

STATE OF ILLINOIS	)
	)s:
COUNTY OF COOK	)

I, Katherine A. Donofrio, being first duly sworn, state that I am Vice President of THE PEOPLES GAS LIGHT AND COKE COMPANY and NORTH SHORE GAS COMPANY, that I have read the foregoing Amended Verified Joint Petition, that I am familiar with the facts stated therein, and that to the best of my information and belief, the facts are true and correct.

Katherine A. Donofrio Senior Vice President

Subscribed and Sworn to before me this  $\angle C^{jk}$  day of  $\underline{\lambda}$  and  $\underline{\lambda}$  2002.

Notary Public

OFFICIAL SEAL LOURDES M. CEBALLOS NOTARY PUBLIC - STATE OF ILLINOIS MY COMMISSION EXPIRES JAN 29, 2005

# PROOF OF SERVICE

Bryan S. Anderson, one of the attorneys for Commonwealth Edison Company, hereby certifies that on January 15, 2002, he caused copies of each of the foregoing Amended Verified Joint Petition to be served on the persons at the addresses specified on the attached Service List by the method so indicated.

Bryan S. Anderson

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